



**ENERGY AND ENVIRONMENT CABINET**  
DEPARTMENT FOR ENVIRONMENTAL PROTECTION  
DIVISION OF WASTE MANAGEMENT  
UNDERGROUND STORAGE TANK BRANCH  
200 FAIR OAKS LANE, 2ND FLOOR  
FRANKFORT, KENTUCKY 40601  
[www.kentucky.gov](http://www.kentucky.gov)

NOTICE

TO: Underground Storage Tank Owners and Certified Contractors

FROM: Robert Daniell, UST Branch Manager

DATE: March 8, 2011

SUBJECT: Status of Funding from the Petroleum Storage Tank Environmental Assurance Fund for New Obligations and Reimbursement

The purpose of this communication is to advise external stakeholders on the status of available PSTeAF funding through the end of fiscal year 2012 (June 30, 2012).

The current state budget appropriated PSTeAF funding of \$25 million for each of the two fiscal years (fiscal year 2011 and fiscal year 2012) of the biennial budget period. This is consistent with the appropriations received for the past several years. The rate of reimbursements, however, has increased significantly over the past two years. In fiscal year 2009 (July 1, 2008 through June 30, 2009) \$16,187,066.61 was reimbursed and \$19,047,993.98 was obligated through the issuance of written directives. In fiscal year 2010 (July 1, 2009 through June 30, 2010) \$24,164,107.92 was reimbursed and \$26,072,670.87 was obligated through the issuance of written directives.

Please note that, in accordance with the enacted budget, remaining funding from previous years was not carried over into current appropriations. In addition, \$20 million in existing obligations from previous years counts against the \$50 million budgeted over the two year period. Therefore, \$30 million was actually available for new obligations, through the issuance of written directive letters, for the two year budget period (fiscal years 2011 and 2012). Various actions will further impact the amount available for new obligations including reimbursable actions directed under declared emergencies, state-lead actions, and reimbursable actions that do not require a written directive from the UST Branch.

As a result of the circumstances described above, the amount of funding that is remaining for new obligations (new directive letters) is \$9.3 million through the remainder of the budget period ending June 30, 2012. At the current pace the UST Branch is issuing directive letters (constituting obligations), the PSTeAF funding for new obligations would be exhausted by the end of October 2011 – approximately one-third of the way through fiscal year 2012. This would result in a shutdown of all new directive letters, with approximately eight months remaining in fiscal year 2012, unless additional funding was identified. With the current challenges confronting the state budget, additional funding is not an option.

The average monthly obligations during this fiscal year have been \$1.5 million. To ensure that a consistent flow of new directives are issued each month of the budget period, a ceiling of \$800,000 has been established for monthly obligations.

New directive letters will continue to be developed by the technical reviewers in the UST Branch. Remedial directives will be given priority for issuance while site investigation-related directives will be released in accordance with the ranking system established in 401 KAR 42:290, up to the established monthly ceiling.

In addition, the rate of reimbursement (claim payments) will be held to a current monthly ceiling of \$1.4 million to ensure that monthly reimbursements continue for the remainder of the budget period. Claims will be paid on a first-in/first-out basis as determined by the date of the technical completeness determination or the date of claim submittal if a completeness determination has already been made or is not necessary. This ceiling amount is subject to change in accordance with the amount of expenditures outside of the normal directive letter process as described above.

If you have questions, please contact Robert Daniell, UST Branch Manager at (502) 564-5981, ext. 4782.